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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MARC SPITZER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

Arizona Corporation Commission

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AZ Corporation Commission  
Director Of Utilities

IN THE MATTER OF THE JOINT  
APPLICATION OF UNS ELECTRIC, INC.,  
AN ARIZONA CORPORATION AND  
TRICO ELECTRIC COOPERATIVE, INC.,  
FOR AN ORDER APPROVING A  
BORDERLINE AGREEMENT

DOCKET NOS. E-01461A-05-0166  
E-04204A-05-0166

DECISION NO. 67879

ORDER

Open Meeting  
May 24 and May 25, 2005  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On March 8, 2005, Trico Electric Cooperative, Inc ("Trico") and UNS Electric, Inc. ("UNSE") filed a joint application that would allow Trico to serve real property owned by Sopori Land and Cattle Company ("Sopori"), in Santa Cruz County, Arizona.

2. Both UNSE and Trico are engaged in providing electric service within portions of Santa Cruz County, Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

3. The Sopori property is located within UNSE's certificated territory. UNSE's nearest existing facilities are located more than 2.5 miles from the property. Per UNSE's service tariff, the property owner would incur approximately \$67,746 in costs to extend the UNSE facilities to serve the property.

4. Trico's nearest existing facilities are located approximately 1,500 feet from the property. Per Trico's service tariff the property owner would incur approximately \$13,687 in costs to extend the Trico facilities to serve the property.

5. The parties have entered into a Borderline Agreement which is designed to mitigate the cost of service by the utility and to the end-user. The proposed Borderline Agreement will allow Trico to serve the Sopori property which is located in the UNSE service territory.

6. Section IV of the March 8, 2005, Trico – UNSE joint application for approval for the Borderline Agreement reserves the right for UNSE to provide electric service to Sopori property when UNSE determines that it is economical to do so. If UNSE exercises the right to serve, UNSE will compensate Trico for any Trico facilities used by UNSE for such service.

7. In May of 2005, UNSE, Trico, and Sopori entered into a letter agreement to memorialize the parties' understanding of the rates to be charged. According to the letter agreement, Trico will serve the Sopori property under the GS-3 General service rate. If UNSE serves the property in the future, the UNSE rate will be the Large General Service rate, or a similar rate in place at that time. Rates under these schedules are as follows:

	<u>UNSE Rates</u>	<u>Trico Rates</u>
Monthly Customer Service Charge		
Three Phase	\$10.10	\$18.00
Customer Charge		
Per kWh	\$0.0533	\$0.0585
Per kW	\$9.50	\$15.25

While the letter agreement of May of 2005 indicates that Trico would serve Sopori under the GS-3 rate, Trico has subsequently agreed to serve the customer on any available rate that is most beneficial to the customer.

8. Staff believes that the proposed Borderline Agreement will allow the property owner to obtain service at a lower cost. Additionally, Staff believes that the proposed Borderline Agreement will provide Trico with additional revenue and provide UNSE with the opportunity to serve the customer if at some time UNSE determines it is economically feasible to do so.

## CONCLUSIONS OF LAW

2. The Commission has jurisdiction over UNSE, Trico, and the subject matter of the application.

3. The Commission, having reviewed the application, the Borderline Agreement, and the Staff Memorandum dated May 10, 2005, concludes that the Borderline Agreement is in the public interest and should be approved.


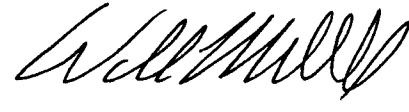
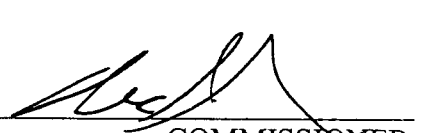
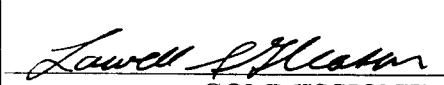
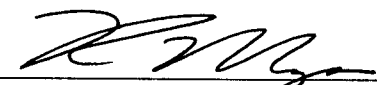
ORDER

IT IS THEREFORE ORDERED that the Joint Application of Trico Electric Cooperative and UNS Electric Inc, for Approval of a Borderline Agreement to serve the Sopori Property is hereby approved.

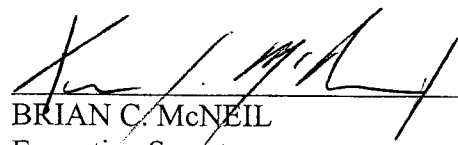
IT IS FURTHER ORDERED that Trico Electric Cooperative shall enter into a new agreement with Sopori Land and Cattle Company which describes that Sopori Land and Cattle Company may be served under any available rate which is determined to be most advantageous to the customer. A copy of the new agreement shall be supplied to Staff within 30 days of this Order.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

		
CHAIRMAN	COMMISSIONER	COMMISSIONER
		
COMMISSIONER	COMMISSIONER	

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 1<sup>st</sup> day of June, 2005.

  
BRIAN C. McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:SP1:rdp/DR

1 SERVICE LIST FOR: UNS ELECTRIC, INC. AND TRICO ELECTRIC COOPERATIVE, INC.  
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